

Air Force Materiel Command

AFMC Small Business Office

Aerospace Matchmaker

Ms. Farris Welsh

AFMC/SB

17 July 2018





- **Mission**
- **Key Objectives**
- **Small Business Data**
- **Category Management**
- **Small Business Innovative Research (SBIR)**
- **Other Transaction Agreement (OTA)**
- **Other Thoughts**



HQ AFMC Small Business Mission

- **Mission:** *The mission of AFMC Small Business is to create and deliver strategies that bring innovative, agile, lethal and affordable Small Business solutions to the Air Force to fly, fight and win in air, space and cyberspace.*
- **Vision:** *Champions of small business solutions for the warfighter*



Who We Are

AFMC/SB
Executive Director
Ms. Farris Welsh

Procurement Analyst / SB Specialist
Mrs. Lynne Imhoff

Procurement Analyst / SB Specialist
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Market Analyst-Data Analysis-Metrics
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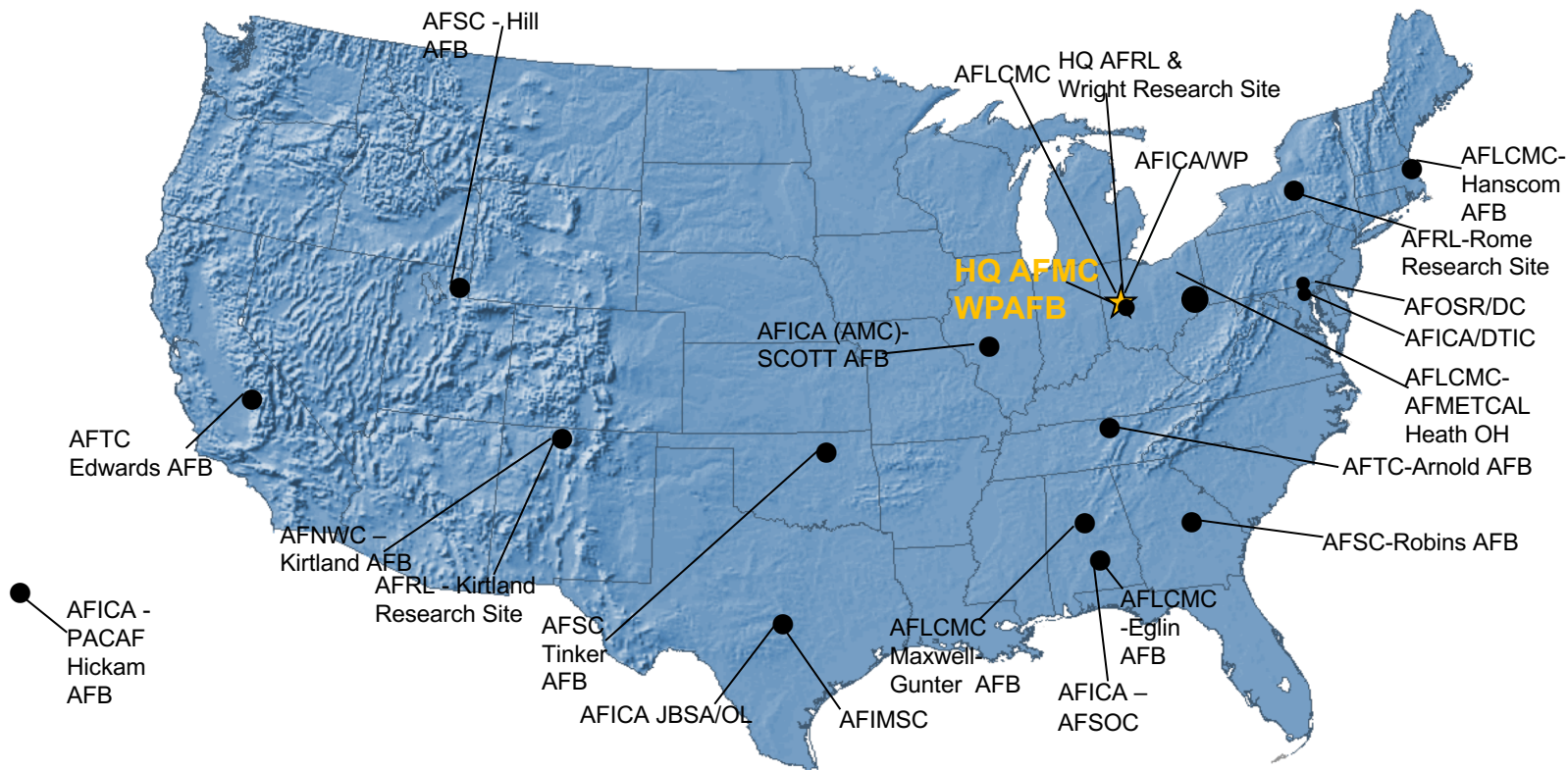
Phone:
Commercial 937-257-3211
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Public Web Site:

<http://www.afmc.af.mil/About-Us/Featured-Topic-Archive/AFMC-Small-Business-Office/>



AFMC Small Business Offices





Key Objectives



- **Defense Department Objectives**
 - **Build a More Lethal Force**
 - **Strengthen Alliances**
 - **Attract new Partners**
 - **Reform the Department for Greater Performance and Affordability**
- **So, what does this mean....**
 - **Increase Agility to Improve Support**
 - **Cost-Effectively Modernize**
 - **Drive Innovative Solutions**
 - **Rapidly Develop/Deploy/Transition Technology**



Small Business Data



AFMC - FY17

Top 15 NAICS Codes

NAICS	Description	TOTAL \$	SB \$	SB%
336411	AIRCRAFT MANUFACTURING	\$10,452,854,343	\$176,609,959	1.69%
541712	RESEACH AND DEVELOPMENT IN THE PHYSICAL, ENGINEERING AND LIFE SCIENCES (EXCEPT BIOTECHNOLOGY)	\$5,945,459,441	\$2,062,305,868	34.69%
336413	OTHER AIRCRAFT PARTS AND AUXILIARY EQUIPMENT MANUFACTURING	\$4,335,278,464	\$329,001,539	7.59%
541330	ENGINEERING SERVICES	\$3,316,291,689	\$481,516,112	14.52%
488190	OTHER SUPPORT ACTIVITIES FOR AIR TRANSPORTATION	\$2,738,211,862	\$30,702,050	1.12%
334511	SEARCH, DETECTION, NAVIGATION, GUIDANCE, AERONAUTICAL AND NAUTICAL SYSTEM AND INSTRUMENT MFG	\$1,715,313,044	\$34,995,272	2.04%
332993	AMMUNITION (EXCEPT SMALL ARMS) MANUFACTURING	\$1,060,338,540	\$14,248,935	1.34%
541990	ALL OTHER PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES	\$952,505,647	\$53,869,625	5.66%
336414	GUIDED MISSILE AND SPACE VEHICLE MANUFACTURING	\$821,234,537	\$0	0.00%
336412	AIRCRAFT ENGINE AND ENGINE PARTS MANUFACTURING	\$737,268,297	\$32,361,222	4.39%
541511	CUSTOM COMPUTER PROGRAMMING SERVICES	\$656,452,191	\$300,360,664	45.76%
236220	COMMERCIAL AND INSTITUTIONAL BUILDING CONSTRUCTION	\$533,388,013	\$238,657,091	44.74%
541512	COMPUTER SYSTEMS DESIGN SERVICES	\$490,435,409	\$100,451,493	20.48%
334210	TELEPHONE APPARATUS MANUFACTURING	\$484,259,266	\$273,991,574	56.58%
334419	OTHER ELECTRONIC COMPONENT MANUFACTURING	\$402,954,488	\$2,854,371	0.71%
Others	OTHER AFMC NAICS CODES	\$4,433,966,965	\$1,880,475,212	42.41%
TOTAL	ALL AFMC NAICS CODES	\$39,076,212,194	\$6,012,400,986	15.39%

Source: *FPDS-NG, 12/08/17, Actions thru 09/30/17.* Based on total procurement obligations for large & small business, excluding FMS, Ability One, nonprofit institutions, UNICOR (Federal Prison Industries) & work performed outside of the United States

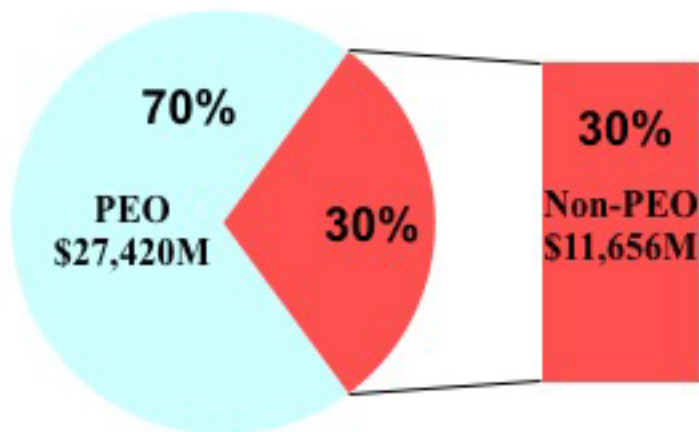


AFMC Small Business PEO vs Non-PEO – FY17-FINAL \$s

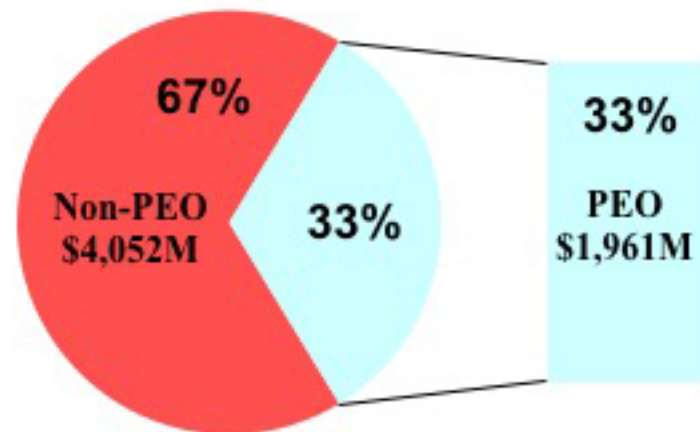
AFMC – Total contract obligations: \$39,076M

AFMC – SB contract obligations: \$6,012M (15.39% - FY17 SLPE 12.21%)

Total Contract Obligations



Total SB Obligations



Largest proportion of AFMC SB Obligations- Non-PEO Mission Buying.
All AFMC mission areas critical in providing maximum opportunities for SBs.

Source: FPDS-NG, 12/08/17, Actions thru 09/30/17. Based on total procurement obligations for large & small business, excluding FMS, Ability One, nonprofit institutions, UNICOR (Federal Prison Industries)



AFMC - FY17 \$s

Top 10 Businesses

VENDOR NAME	TOTAL \$
BOEING COMPANY, THE	\$7,721,062,057
LOCKHEED MARTIN CORPORATION	\$4,657,133,931
NORTHROP GRUMMAN SYSTEMS CORPORATION	\$3,173,601,864
L-3 COMMUNICATIONS CORPORATION	\$1,872,750,781
RAYTHEON COMPANY	\$1,523,226,179
GENERAL ATOMICS AERONAUTICAL SYSTEMS, INC.	\$1,296,720,141
MASSACHUSETTS INSTITUTE OF TECHNOLOGY	\$1,016,051,385
UNITED TECHNOLOGIES CORPORATION	\$893,716,598
SIERRA NEVADA CORPORATION	\$640,932,181
BAE SYSTEMS INFORMATION AND ELECTRONIC SYSTEMS INTEGRATION INC.	\$470,170,080

Source: *FPDS-NG, 12/08/17, Actions thru 09/30/17.* Based on total procurement obligations for large & small business, excluding FMS, Ability One, nonprofit institutions, UNICOR (Federal Prison Industries) & work performed outside of the United States



AFMC - FY17 \$s –OH

Top 10 SBs (by Vendor Location)

VENDOR NAME	TOTAL \$
SOLUTIONS THROUGH INNOVATIVE TECHNOLOGIES, INC.	\$51,295,882
UES, INC.	\$47,260,525
UNIVERSAL TECHNOLOGY CORPORATION	\$45,525,850
BTAS INC	\$35,437,590
SAWDEY SOLUTION SERVICES, INC.	\$25,169,740
CDO TECHNOLOGIES, INC.	\$21,031,873
MATRIX RESEARCH, INC.	\$19,000,695
PEERLESS TECHNOLOGIES CORPORATION	\$17,576,670
SELECTTECH SERVICES CORPORATION	\$16,668,266
INNOVATIVE SCIENTIFIC SOLUTIONS, INC	\$15,263,012

Source: *FPDS-NG, 12/08/17, Actions thru 09/30/17.* Based on total procurement obligations for large & small business, excluding FMS, Ability One, nonprofit institutions, UNICOR (Federal Prison Industries) & work performed outside of the United States



AFMC YTD Performance

- **FY18-YTD Small Business Status (30 June 18)**
 - **AFMC Small Business Senior Leader Performance Expectation (SLPE) 12.27%**
 - **YTD Total Dollars Achieved FY18: \$27.7B**
 - **YTD Dollars Achieved FY18: \$4.13B**
 - **YTD Achieved FY18: 14.87%**



Category Management



Category Management Defined

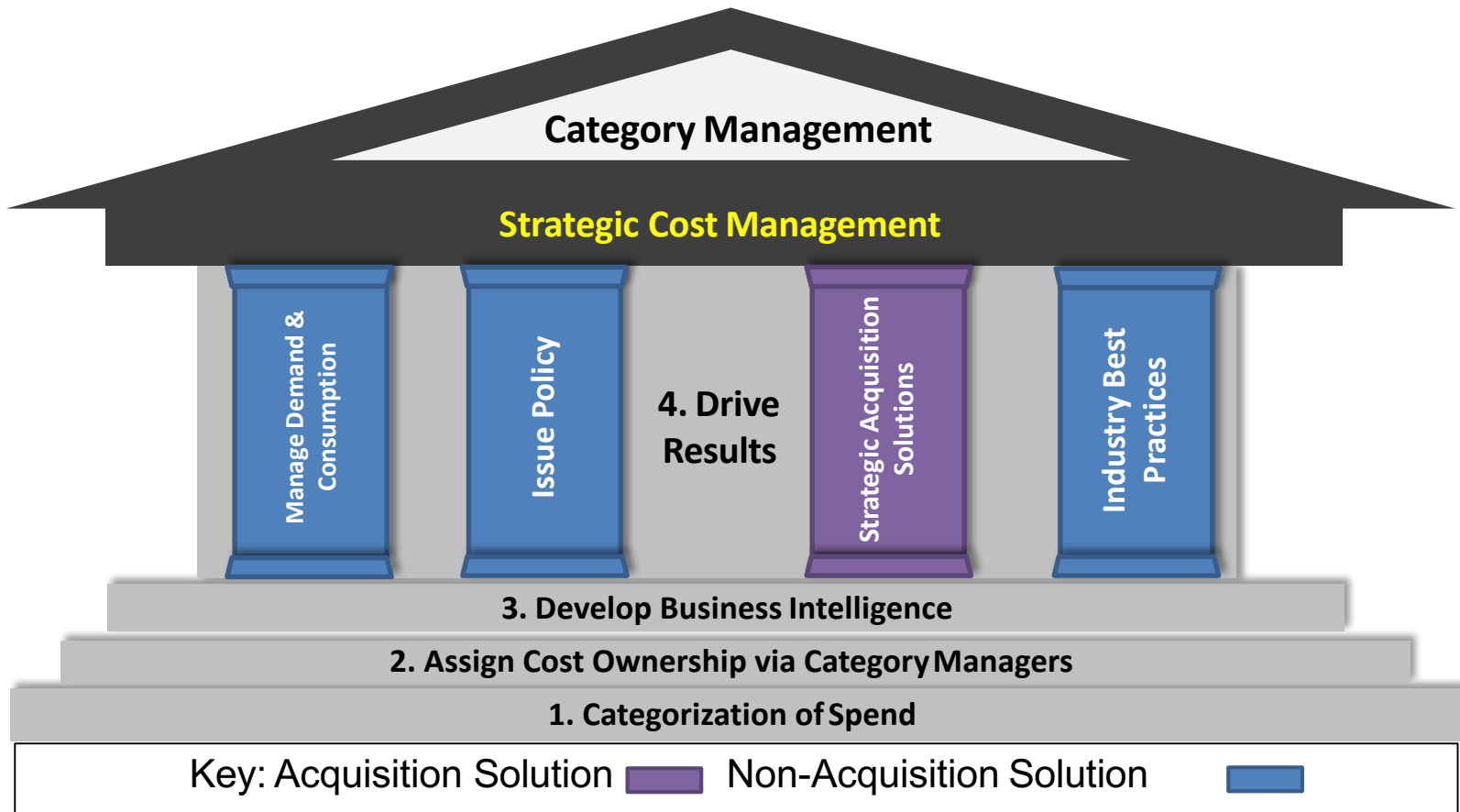
Category Management (OFPP)

- ▶ A **structured** approach to create common categories of products and services that enables the Federal Government to eliminate redundancies, increase **efficiency** and **effectiveness**, and boost (customer) satisfaction with the products and services we deliver

- **Latest evolution of Strategic Sourcing & Supply Chain Mgt**
 - Holistic/enterprise approach to **maximize value for spend**
 - Reduce Total Cost of Ownership (TOC)
 - Goal to reduce costs AND improve mission effectiveness
 - Eliminate redundancies/duplication & leverage Federal gov't spend
 - Enhanced market intelligence into industry best practices & innovation
 - Analysis/data driven - let facts/marketplace lead to optimal solutions



AF Category Management Principles



1. Air Force category structure aligns to OMB's government-wide program
2. Assigns cost management authority & responsibility to functional domain owner
3. Comprehensive analysis → robust business intelligence → data driven solutions
4. Reduce TCO through shaping, managing, and strategically acquiring requirements



Category Management Categories

- **Ten Level 1 Categories**

- ***Information Technology** — Hardware, Software, Services
- ***Professional Services** — Management & Advisory, Technical & Engineering, etc.
- ***Security and Protection** — Animals, Systems, Services
- ***Facilities & Construction** — Materials, Services, etc.
- **Industrial Products and Services** — Hardware, Tools, Machinery, etc.
- **Office Management** — Products, Services & Furniture
- **Transportation and Logistics Services** — Vehicles, Delivery, etc.
- **Travel and Lodging** — Travel, Lodging & Applicable services
- **Human Capital** — Education, HR services, etc.
- **Medical** — Medical Equip, Healthcare Services, etc.

*Currently has assigned AF Category Manager



Strategic Acquisition Solutions



Transient Alert Services (100% SB)
USAF-wide 5-yr
MAC IDIQ
Savings/Efficiencies:
- \$205K (5%) in 1st year



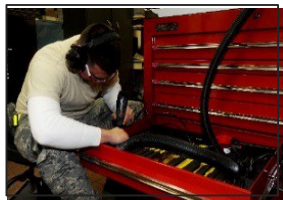
Client Computing Solutions (50% SB)
USAF-wide 5-yr BPA
Savings/Efficiencies:
- \$163.9M (39%) in 1st year



System & Modular Furniture (100% SB)
USAF-wide 5-yr
Contract
Savings/Efficiencies:
- \$15.29M (29%) over 4 years



Imaging (67% SB)
USAF-wide 5-yr BPA
Savings/Efficiencies:
- \$40.7M (32%) over 4 years



Maintenance, Repair & Operations (89% SB)
USAF-wide 5-yr BPA
Savings/Efficiencies:
- \$6.23M (29%) over 4 years



Office Supplies V3 (96% SB)
USAF-wide 5-yr
IDIQ
Savings/Efficiencies:
- \$9.92M (16%) over 3 years



DF-LCS2 Non-FR Combat Shirt Gen 2 (100% SB)
USAF-wide 5-yr IDIQ
Savings/Efficiencies:
- \$830K (38%) over 2 years



Roofing Replacement Repair (96% SB)
USAF-wide 5-yr
IDIQ
Savings/Efficiencies:
- \$14.86M (63%) over 3 years



Small Business Innovative Research (SBIR)



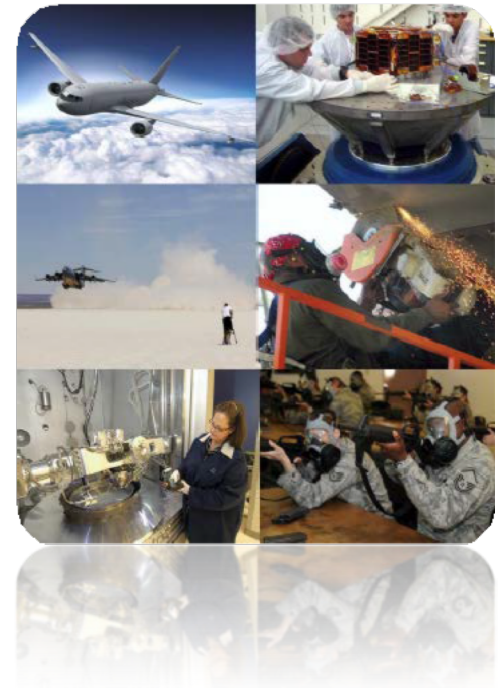
Introduction

- **Federal program to strengthen the role of innovative small business concerns in Federally- funded research or research and development (R/R&D)**
- **Three-phased process encompassing (1) a technical feasibility study, (2) the demonstration and evaluation of commercial potential, and (3) transition to the marketplace**



SBIR Program Goals

- **Stimulate technological innovation**
- **Use small business to meet federal R/R&D needs**
- **Foster and encourage participation by socially and economically disadvantaged and woman-owned small businesses**
- **Increase private sector commercialization of innovations derived from federal R&D**





SBIR Program Eligibility

- **SBIR participation requirements:**
 - For-profit Small Business Concern (SBC) of 500 or fewer employees
 - SBC at least 51% owned by U.S. citizen(s)
 - “Principal Investigator” – individual designated by the SBC to provide scientific and technical direction to the project
 - Primary employment (>50%) must be with the SBC
 - Precludes full time employment by another organization
 - Work must be performed in the US*
 - SBC cannot receive funding for a SBIR project essentially equivalent to other work they have performed for the Federal Government

* Includes Puerto Rico and Territories



SBIR Three-Phase Process

Phase I

- The purpose of Phase I is to determine the scientific, technical, and commercial merit and feasibility of ideas proposed by SBCs pursuant to the solicitation
- Phase I awards ***will not exceed \$150K***
- Normally do not exceed 6 months technical effort with 3 months for final reporting



SBIR Three-Phase Process

Phase II

- Continuation of the R&D effort, funding the most promising Phase I projects
- Only those firms that were awarded Phase I contracts are eligible to submit a Phase II proposal, unless they are proposing against a Direct to Phase II topic
- Phase II awards are *typically \$750K*
- Normally do not exceed 2 years in duration



SBIR Three-Phase Process

Phase III

- **Commercializing work that derives from, extends, or completes an effort performed under prior SBIR agreements**
- **Phase III is the ultimate goal of each SBIR effort**
- **Phase III contracts may be awarded on a sole-source basis**
- **No limit on the number, award amount, or duration of Phase III contracts**
- **Small business size standards do not apply to Phase III contracts**



Other Transaction Agreement



Other Transaction Agreement

Other Transaction Agreement (OTA)

- The prototype projects that are directly relevant to enhancing the mission effectiveness of military personnel, platforms, systems, components or materials proposed to be acquired or developed by the DoD
- A legally binding instrument encouraging traditional and nontraditional defense contractor participation
- An instrument that allows for negotiation of intellectual property and flexible payment provisions (payable milestones)
- Customizable to fit desired acquisition strategy
- Includes Engineering MD, LRIP and production activity under an OTA



Other Transaction Agreement (cont.)

An OTA is NOT:

- **A FAR procurement contract, grant or cooperative agreement**
- **Constrained by previous Government contract practices and conventions**
- **Subject to mandatory cost accounting standards**



Other Thoughts



Tools and Trends

- **Trends**
 - Increase in Dollars
 - Increase in the use of Multiple Award Contracts (MAC)
 - Increase in the use of 'pools' or reserves in contracts
 - Increase in length of contracts
- **Tools**
 - Use of Indefinite Delivery/Indefinite Quantity (ID/IQ) contracts
 - Other Transaction Agreements
 - Small Business Innovative Research (SIBR) Phase I, II and III
 - Phase III used for transition to Program of Record
 - Rapid Innovation Funds (RIF)



Communication

- **Communication**
 - **Talk to Your Small Business Specialist**
 - **Outreach and Networking are keys to successful programs for both Government and Industry**
 - **Program Managers and Contracting Officers should talk to their Industry Partners prior to the release of Request for Proposal (RFP)**
 - **Speak up if Request For Information (RFI) or RFP is not clear**
 - **Use Clear and Concise Language in responses to an RFI/RFP/Evaluation Notice (EN)**



Requirements

- **Long Range Forecasting Tool is in work**
- **Upcoming activity on strategic vehicles (i.e. SmartBook and OASIS website)**
- **Identify key Intellectual Property/ Data Rights up front in RFP the process**
- **Industry responses should address all aspects of the RFP and identify any overly restrictive terms and conditions that could be adjusted to allow for more agile and efficient program requirements**
- **Always ask for a Debrief**



Questions?

